

Legislation Work Group

Working List of Legislative Actions & Activities: Summary of Pros and Cons

- Fuel Sales Revenues
- Design-Build Bidding Approach
- Municipal Infrastructure Redevelopment Fund (MIRF)
- Stormwater Management Utility
- Federal Reauthorization Legislation



**Report to
Mayor's Infrastructure
Finance Committee**

December 19, 2002

FUEL SALES REVENUES

Legislation and/or Action	Description	Pros	Cons
(1) Modify State Fuel Tax Allocation Formula: Option A	Seek modification to State allocation formula so that cities and counties receive a greater overall portion of existing fuel tax revenues.	<ul style="list-style-type: none"> ■ Would bring in additional road construction funds to Lincoln without a tax increase. ■ Omaha would likely be a willing ally in promoting this approach. ■ No local approval required. 	<ul style="list-style-type: none"> ● Would likely incur strong legislative opposition from areas outside of Lincoln and Omaha. ● Limited likelihood of passage in this legislative session.
(2) Modify State Fuel Tax allocation Formula: Option B	Seek modification to State allocation formula so that the City of Lincoln would receive a greater share of the existing fuel tax going directly to cities and counties .	<ul style="list-style-type: none"> ■ Would bring in additional road construction funds to Lincoln without a tax increase. ■ Omaha would likely be a willing ally in promoting this approach. ■ No local approval required. 	<ul style="list-style-type: none"> ● Would likely incur strong legislative opposition from areas outside of Lincoln. ● Limited likelihood of passage in this legislative session.
(3) Added State Fuel Tax with Allocation to Cities and Counties	Seek passage of State legislation to levy an additional State Fuel Tax that would be specifically allocated to cities and counties.	<ul style="list-style-type: none"> ■ Has support of the League of Municipalities and probably National Association of County Officials (NACO). ■ State less likely to object since their revenues would not be decreased. ■ Probably wouldn't be in conflict with any future findings of the Governor's Transportation Task Force. ■ Would not require local action. 	<ul style="list-style-type: none"> ● Always a difficult task to raise taxes. ● This is an especially troublesome time to consider State tax increases given the current fiscal environment.

(4) Authorizing Legislation to Allow Local Fuel Tax	Seek State legislation to permit local jurisdictions to implement a “ local option fuel tax. ” This would likely require City Council action following passage of legislation.	<ul style="list-style-type: none"> ■ Moderate support from the League of Municipalities and National Association of County Officials (NACO). ■ Captures revenues from non-residents for use of local street system. 	<ul style="list-style-type: none"> ● In addition to State action, would require local passage to implement additional tax. ● Would be viewed as another tax on local residents. ● Imposes another step in the authorization process since Lincoln already has the authority to create a similar revenue generating mechanism.
(5) City of Lincoln Occupation Tax on “Fuels”	Seek City Council approval of an occupation tax on the sale of fuel at the retail level within the City of Lincoln	<ul style="list-style-type: none"> ■ Does not require State legislative action – can be implemented immediately by the City. ■ Would likely raise revenue amounts for Lincoln comparable to any similar State fuel tax increase. 	<ul style="list-style-type: none"> ● Would require local legislative action to implement. ● Could be viewed as a Lincoln-only tax.

DESIGN-BUILD BIDDING APPROACH

Legislation and/or Action	Description	Pros	Cons
(1) State authorizing legislation allowing local jurisdiction to Utilize a “design-build” project implementation process	Seek State legislation to allow municipalities to use a “ design-build ” approach in bidding and construction major capital improvements	<ul style="list-style-type: none"> ■ Could allow for capital projects to be designed and constructed is less time. ■ Time savings might be translated into potential cost savings. ■ Nebraska school districts currently have the “design-build” option available to them. 	<ul style="list-style-type: none"> ● Resistance from smaller firms who might find themselves to be less competitive under this approach. ● No known broad-based support at the State-level for instituting this approach. ● Potential cost savings hard to predict.
(2) Maintain present bidding process that separates the design task from the construction task.	Retain current process that segregates the “design” and “build” elements	<ul style="list-style-type: none"> ■ Provides broadest opportunities for competing firms to bid on projects. ■ Continues long standing process that is familiar to all participants. ■ Doesn’t require investment of time and resources to modify State law 	<ul style="list-style-type: none"> ● Precludes any potential cost and time savings that “design-build” approach might provide. ● Fails to advance the bidding approach that allows more contemporary bidding processes.

MUNICIPAL INFRASTRUCTURE REDEVELOPMENT FUND (MIRF)

Legislation and/or Action	Description	Pros	Cons
(1) Increase State MIRF funding to cities	Seek additional allocation from State of MIRF funds.	<ul style="list-style-type: none"> ■ Expands available resources for local capital projects. ■ MIRF is a long standing State funding program that had been used successfully for many years. 	<ul style="list-style-type: none"> ● Likelihood of obtaining State approval of additional MIRF fund is limited. ● Request for additional allocation may be viewed negatively at State level given the State's present fiscal climate.
(2) Retain existing MIRF fund allocation for Lincoln	Take affirmative action at the State Legislature to maintain Lincoln's current MIRF allocation	<ul style="list-style-type: none"> ■ Keeps a very valuable capital funding source in place for local projects. 	<ul style="list-style-type: none"> ● Doesn't reflect growing need for State to assist Nebraska communities to maintain and expand local infrastructure.

STORM WATER MANAGEMENT UTILITY

Legislation and/or Action	Description	Pros	Cons
(1) State legislation authorizing local jurisdiction to create stormwater management programs.	Support efforts to have State Legislature adopt storm water utility legislation during this coming session.	<ul style="list-style-type: none"> ■ New Federal standards (National Pollutant Discharge Elimination System (NPDES)) mandate that the City take affirmative action to manage stormwater. ■ Creates a fairer and more predictable system for fee payers. ■ Allows better long range planning since a set revenue base will be known. ■ Support for passage of State authorizing legislation exists from across Nebraska. ■ Taking action now reduces future City liability for more severe water quality treatment under NPDES regulations. ■ Will set the stage for interlocal agreements with Lancaster County needed under Phase II of the NPDES permit. 	<ul style="list-style-type: none"> ● Will be viewed as another tax and will be opposed by large commercial establishments and other users producing significant stormwater run-off. ● Changes cost burden from property tax to fees on uses with greatest impervious surface (i.e., uses contributing greatest amount of stormwater run-off.) ● Proposed legislation exempts certain users (such as agriculture) from fees.

<p>(2) Retain City's present funding approach to stormwater management program</p>	<p>Continue the City's present level of stormwater management and funding approach primarily using general obligation bonds for capital improvements and general revenues for operational expenses.</p>	<ul style="list-style-type: none"> ■ Provides for a continuation of the present funding system that allows voters to decide if funds should be spent on stormwater capital improvements. ■ Present system has successfully accommodated the City's stormwater needs for decades and should remain in place. ■ Allows for the continued use of City general revenue funds to support stormwater management. ■ Large commercial, industrial, and institutional users benefit under present system. 	<ul style="list-style-type: none"> ● While the present system is viewed as effective by many, there is no guarantee that voters will continue to approve General Obligation (GO) bonds in the future at the same levels as in the past. ● Uncertainty exists as to whether NPDES requirements can be met under present system. ● Present funding system disproportionately allocates costs, with those users impacting the stormwater system the greatest usually paying a smaller share.
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FEDERAL REAUTHORIZATION LEGISLATION

Legislation and/or Action	Description	Pros	Cons
(1) Pursue discussions with Nebraska's Federal Congressional delegation regarding continuing capital project funding for streets and highways	Seek Congressional delegation support for retaining (if not expanding) capital project funding for local street and highway projects	<ul style="list-style-type: none"> ■ Reinforces need for Federal funding to support maintenance and expansion of street and highway system. ■ Reasonable part of on-going dialogue with Federal policy makers concerning local infrastructure funding requirements. ■ Adds further emphasis to the need for both project specific funding (i.e., Antelope Valley and Beltways), as well as broader discretionary funding for a wide range of transportation activities. 	<ul style="list-style-type: none"> ● Lincoln stands as a relatively minor player in the broader national debate over transportation funding policy. ● Other policy and funding issues may be of greater priority to Lincoln than streets and highways.

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